

CUMBERLAND COUNTY SCHOOL DISTRICT

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2018**

**with
INDEPENDENT AUDITOR'S REPORT**

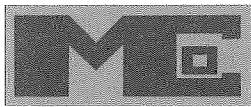
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**M A T H E R
& COMPANY**

SOLUTION-DRIVEN CPAs and Business Advisors

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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for
School District Audits
Members of the Board of Education
Cumberland County School District
Burkesville, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Cumberland County School District (District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Kentucky Public School Districts' Audit Contract and Requirements – Auditor Responsibilities*, and *State Compliance Requirements, Appendix I to Kentucky Public School Districts' Audit Contract and Requirements – Audit Extension Request*, and *Appendix II to Kentucky Public School Districts' Audit Contract and Requirements – Submission Instructions*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Cumberland County School District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2018, the District adopted new accounting guidance, GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information, and postemployment benefits other than pension plans information on pages 4 through 9 and 49 through 62, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the

basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules of receipts, disbursements, and due to student groups related to school activity funds are presented for purposes of additional analysis, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedules of receipts, disbursements, and due to student groups, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of receipts, disbursements, and due to student groups, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mather & Co. CPAs, LLC

Mather & Co. CPAs, LLC
Louisville, Kentucky
November 12, 2018

CUMBERLAND COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (UNAUDITED)

Year ended June 30, 2018

The Cumberland County Board of Education offers the following narrative of the financial statements for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit reports.

FINANCIAL HIGHLIGHTS

- The ending cash balance for the District was \$1,427,215 which includes General Fund Balance of \$1,132,120 and SFS & School Age Childcare of \$295,095, (\$273,312 & \$21,783).
- The General Fund had \$8,250,691 in revenue, which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

The government-wide financial statements are designed to provide an overview of the District's finances, in a manner similar to a private-sector business. The statement of net assets presents information on all of the District's assets and liabilities. The increases or decreases in assets and liabilities over time will be helpful in determining the financial status of the District.

The government-wide financial statements outline functions of the District that are primarily supported by property taxes and intergovernmental revenue. The government-wide financial statements of the District include instruction, support services, plant and operations, student transportation, and operation of non-instructional services. Fixed assets and related debt is also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund financial statements are a grouping of related accounts that are used to maintain control over resources for specific activities and objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts. The District uses fund accounting to ensure compliance with financial and legal requirements. All of the District's funds are divided into three categories: governmental, proprietary, and fiduciary funds. Fiduciary funds are to be set up to help aid in supporting students and teachers in the education process. The proprietary funds are our school food service and day care operations. All other activities of the District are considered as governmental funds.

The basic governmental fund financial statements can be found on pages 12 through 19 of this report.

The notes provide additional information to the understanding of the data provided within our financial statements. The notes for the financial statements can be found on pages 20 through 48 of this report.

Total Assets	\$ 13,874,123
Total Liabilities	\$ 16,025,425
Total Net Position	\$ (625,442)

Comments on Budget Comparisons – Governmental Funds

- The District's 2018 revenues were \$11,228,344.
- The District's 2018 expenditures were \$11,118,665.
- The District's financing from other sources were \$37,771.
- The fund balance at the end of the 2018 fiscal year for the General Fund was \$1,210,638. This is approximately a 15% contingency.

The following table is a summary/breakdown of the District's General Fund revenue and expenditures for the year ended June 30, 2018.

Revenues	
Local revenue	\$ 2,054,184
State and Federal revenue	<u>6,196,507</u>
Total revenues	\$ 8,250,691

Expenditures

Instruction	\$ 4,664,047
Student support services	319,606
Instructional staff support services	129,534
District administration	482,202
School administration	571,206
Business support services	318,774
Plant operations and maintenance	873,165
Student transportation	532,182
Debt service	8,004
Food service operation	380
Community services	<u>12</u>

Total expenditures7,899,112**Excess of revenues over expenditures**\$ 351,579**Total Governmental Funds**

Total Revenue	\$ 11,228,344
Total Expenditures	11,118,665
Total Other Financing Sources	<u>37,771</u>

**Excess of revenue and other financing sources
over expenditures**\$ 147,450**Grant (Fund II) Information**

The following is a list of major Grants and the amounts that were received during the 2018 fiscal year.

State Grants

Extended School Services	\$ 39,907
Family Resource Centers	76,522
Gifted and Talented	19,531
Kera-Preschool	49,320
Professional Development	6,614
Textbooks	12,758
School Safety	28,019
KY ASAP	16,000
KETS	17,564
Community Ed	20,000
Read to Achieve	50,000
Math Achievement	50,000

Federal Grants

Title I	\$ 492,274
Idea B Basic	242,379
Idea B Preschool	13,110
Vocational Education	13,380
Rural and Low Income	15,861
Title II – Quality Teacher	60,585
21 st Century	220,000
Adult Education	57,633
Gear Up	60,000
Title IV	12,679

The Title I grant was allocated to our elementary school and our middle school. These supplemental funds are used for salaries, supplies, parent involvement activities, travel, and professional development. These funds are used school wide. The primary focus of the Title I program is based on the academic need of each individual school.

The Vocational Funds are allocated between the Business Department, the Vocational Ag. Department, the Technology Department, and the Home Ec. Department at the Cumberland County High School. These funds were used for equipment, computers, and travel for the teachers.

The IDEA B, IDEA B Preschool, and KERA Preschool funds are generated on the December 1 child count. These funds are used for salaries, supplies, special equipment, professional development, consultant fees, and travel expenses.

The Title II – Quality Teacher Grant was incorporated with the Title I funds to help student achievement at all levels from elementary school to the high school.

The 21st Century funds are used at Elementary and Middle School. These are after school programs that help to make those students more rounded.

School Food Services Fund

This year our district has offered CEP for all Cumberland County Students.

Food Service Operating Revenue	
Lunch Sales	\$ 29,560
Federal Grants	706,261
State Grants	83,993
Interest	1,812
Donated Commodities	34,180
TOTAL	\$ 855,806

Total Expenses

Salaries and benefits	\$	376,487
Supplies		380,901
Contract services		7,922
Depreciation		34,410
Other		1,131

TOTAL	\$	800,851
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Net Position as of June 30, 2018	\$	411,111
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School Child Care Fund

Our district offers an after-school daycare for students in K-5.

Child Care Service Operating Revenue

Tuition & Fees	\$	23,884
State Grants		11,500

TOTAL	\$	35,384
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Total Expenses

Salaries and benefits	\$	28,186
Supplies		4,256
Contract services		1,140
Depreciation		45
Other		1,431

TOTAL	\$	35,058
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Net Position as of June 30, 2018	\$	22,253
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BUDGETARY IMPLICATONS

In Kentucky the public school fiscal year is July 1 – June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District's overall budget. By law the budget must have a minimum 2% contingency. The District adopted a budget with approximately \$470,000 in contingency. The beginning and ending cash balances for fiscal year 2017-2018 in the General Fund were \$1,000,948 and \$1,132,120, respectively.

- KTRS employer rates remained constant at 3%.
- CERS employer rates went from 18.68% to 19.18%.
- No salary increase for certified nor classified personnel.
- From June 30, 2017 to June 30, 2018, ADA decreased from 836.38 to 828 for the district.
- The Board adopted the 4% tax rate.
- Workers Comp rates remained constant.
- Due to federal sequestration, we are responsible for the part of the 'interest free' QZAB bond payment in September 2017 in the amount of \$5,942 and in April 2018 \$5,942.
- Lack of funding to districts for transportation at the state level remains a concern. Currently, transportation is funded at approximately 59%.
- Effort to reduce substitute cost proved valuable.
- In 2014, KSBIT announced its plan for an assessment. Districts were responsible for the deficit (\$64,035) it had incurred. 25% payment was due August 2014, and annual payments for six years for the remaining balance.
- A School Resource Office (SRO) was added to help with school safety concerns.
- Lil' Panther Daycare was added to help meet the needs of our community.
- Added two new buses to our fleet.

Questions regarding this report should be directed to **Dr. Kirk Biggerstaff, Superintendent**, or **Kristi Willen, Finance Officer** at 270-864-3377 or by mail at P O Box 420, Burkesville, KY 42717.

CUMBERLAND COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,132,120	\$ 295,095	\$ 1,427,215
Receivables:			
Taxes	67,678	-	67,678
Intergovernmental – State	5,800	-	5,800
Intergovernmental – Federal	323,731	-	323,731
Inventory	-	15,950	15,950
Net capital assets	<u>11,909,949</u>	<u>123,800</u>	<u>12,033,749</u>
Total assets	13,439,278	434,845	13,874,123
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refundings	272,856	-	272,856
Deferred outflows of resources related to pension expense	1,348,971	-	1,348,971
Deferred outflows of resources related to other postemployment benefits	<u>308,321</u>	<u>-</u>	<u>308,321</u>
Total deferred outflows of resources	1,930,148	-	1,930,148
LIABILITIES			
Accounts payable	120,770	1,481	122,251
Unearned revenue	146,814	-	146,814
Current maturities of bond obligations	1,076,174	-	1,076,174
Current portion of accumulated sick leave	51,107	-	51,107
Interest payable	26,745	-	26,745
Noncurrent net pension liability	2,559,747	-	2,559,747
Noncurrent net other postemployment benefits liability	3,151,893	-	3,151,893
Noncurrent maturities of bond obligations	8,582,611	-	8,582,611
Noncurrent portion of accumulated sick leave	284,069	-	284,069
Noncurrent portion of accrued expense	<u>24,014</u>	<u>-</u>	<u>24,014</u>
Total liabilities	16,023,944	1,481	16,025,425
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension expense	328,539	-	328,539
Deferred inflows of resources related to other postemployment benefits	<u>75,749</u>	<u>-</u>	<u>75,749</u>
Total deferred inflows of resources	404,288	-	404,288
NET POSITION			
Invested in capital assets, net of related debt	2,224,419	123,800	2,348,219
Unrestricted	<u>(3,283,225)</u>	<u>309,564</u>	<u>(2,973,661)</u>
Total net position	\$ (1,058,806)	\$ 433,364	\$ (625,442)

See accompanying notes.

CUMBERLAND COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year ended June 30, 2018

FUNCTIONS/PROGRAMS	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 6,821,178	\$ -	\$ 2,848,932	\$ -
Student support services	346,304	-	149,236	-
Instructional staff support services	548,982	-	479,930	-
District administration	499,583	-	63,750	-
School administration	571,206	-	306,567	-
Business support services	318,774	-	125,407	-
Plant operations and maintenance	865,402	-	130,905	-
Student transportation	619,820	-	143,445	-
Food service operations	380	-	-	-
Community services	90,155	-	90,012	-
Interest	229,565	-	-	229,565
Total governmental activities	10,911,349	-	4,338,184	229,565
Business-type activities				
Food service	800,851	29,560	824,434	-
Day care	35,058	23,884	11,500	-
Total business-type activities	835,909	53,444	835,934	-
Total primary government	<u>\$ 11,747,258</u>	<u>\$ 53,444</u>	<u>\$ 5,174,118</u>	<u>\$ 229,565</u>
General revenues				
Taxes:				
			Property	1,362,754
			Motor vehicle	234,898
			Utilities	447,057
			Other	203,549
			Earnings on investments	15,138
			State grants	4,151,451
			Federal grants	82,517
			Other local amounts	206,620
			Miscellaneous	(301)
			Total general revenues	6,703,683
			Income before transfers	1,812
			Operating transfer in (out)	55,281
			Change in net position	(37,771)
			Net position as of July 1, 2017,	17,510
			as previously reported	415,364
			Change in accounting principal	-
			Net position as of July 1, 2017,	1,788,001
			as restated	(2,828,807)
			Net position as of June 30, 2018	-
				(1,040,806)
				\$ (625,442)

See accompanying notes.

CUMBERLAND COUNTY SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2018

	General Fund	Special Revenue Funds	SEEK Capital Outlay Fund	Facility Support Program (FSPK) Fund	School Construction Fund	Debt Service Fund	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 1,132,120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,132,120
Receivables:							
Taxes	67,678	-	-	-	-	-	67,678
Intergovernmental							
– State	-	5,800	-	-	-	-	5,800
– Federal	-	323,731	-	-	-	-	323,731
Due from Special Revenue Funds	158,376	-	-	-	-	-	158,376
Total assets	\$ 1,358,174	\$ 329,531	\$ -	\$ -	\$ -	\$ -	\$ 1,687,705
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 96,429	\$ 24,341	\$ -	\$ -	\$ -	\$ -	\$ 120,770
Due to General Fund	-	158,376	-	-	-	-	158,376
Unearned revenue	-	146,814	-	-	-	-	146,814
Current portion of accumulated sick leave	51,107	-	-	-	-	-	51,107
Total liabilities	147,536	329,531	-	-	-	-	477,067
Fund balances							
Committed – sick leave payable	94,145	-	-	-	-	-	94,145
Unassigned	1,116,493	-	-	-	-	-	1,116,493
Total fund balances	1,210,638	-	-	-	-	-	1,210,638
Total liabilities and fund balances	\$ 1,358,174	\$ 329,531	\$ -	\$ -	\$ -	\$ -	\$ 1,687,705

See accompanying notes.

CUMBERLAND COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2018

Total fund balances – governmental funds	\$ 1,210,638
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$21,197,283, and the accumulated depreciation is \$9,287,334.	11,909,949
Deferred loss on bond refundings is not a current financial resource and therefore is not reported as a deferred outflows of resources in governmental funds.	272,856
Bonds payable are not reported in the governmental fund balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position.	(9,658,785)
Noncurrent portion of accumulated sick leave is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(284,069)
Interest payable is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(26,745)
Noncurrent net pension liability is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position. The deferred outflows of resources related to pension expense total \$1,348,971, the deferred inflows of resources related to pension expense total \$328,539, and the net pension liability on the statement of net position is \$2,559,747.	(1,539,315)
Noncurrent net other postemployment benefits liability is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statements of net position. The deferred outflows of resources related to OPEB expense total \$308,321, the deferred inflows of resources related to OPEB expense total \$75,749 and the net OPEB liability on the statement of net position is \$3,151,893.	(2,919,321)
Noncurrent portion of accrued expense is not reported in the government fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(24,014)
Total net position – governmental activities	<u>\$ (1,058,806)</u>

See accompanying notes.

CUMBERLAND COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS Year ended June 30, 2018

	General Fund	Special Revenue Funds	SEEK Capital Outlay Fund	Facility Support Program (FSPK) Fund	School Construction Fund	Debt Service Fund	Total Governmental Funds
Revenues							
From local sources:							
Taxes:							
Property	\$ 990,416	\$ -	\$ -	\$ 372,338	\$ -	\$ -	\$ 1,362,754
Motor vehicle	234,898	-	-	-	-	-	234,898
Utilities	447,057	-	-	-	-	-	447,057
Other	203,549	-	-	-	-	-	203,549
Earnings on investments	15,033	105	-	-	-	-	15,138
Other local	163,231	95,632	-	-	-	-	258,863
Intergovernmental – State	6,113,990	630,132	83,638	282,544	-	204,396	7,314,700
Intergovernmental – Federal	82,517	1,308,868	-	-	-	-	1,391,385
Total revenues	8,250,691	2,034,737	83,638	654,882	-	204,396	11,228,344
Expenditures							
Current:							
Instruction	4,664,047	1,515,964	-	-	-	-	6,180,011
Student support services	319,606	24,172	-	-	-	-	343,778
Instructional staff support services	129,534	411,512	-	-	-	-	541,046
District administration	482,202	-	-	-	-	-	482,202
School administration	571,206	-	-	-	-	-	571,206
Business support services	318,774	-	-	-	-	-	318,774
Plant operations and maintenance	873,165	-	-	-	-	-	873,165
Student transportation	532,182	18,391	-	-	-	-	550,573
Food service operation	380	-	-	-	-	-	380
Community services	12	90,012	-	-	-	-	90,024
Debt service	8,004	-	-	-	-	1,159,502	1,167,506
Total expenditures	7,899,112	2,060,051	-	-	-	1,159,502	11,118,665
Excess (deficit) of revenues over (under) expenditures	351,579	(25,314)	83,638	654,882	-	(955,106)	109,679
Other financing sources (uses)							
Operating transfers in	38,279	167,015	-	-	-	955,106	1,160,400
Operating transfers out	(242,408)	(141,701)	(83,638)	(654,882)	-	-	(1,122,629)
Total other financing sources (uses)	(204,129)	25,314	(83,638)	(654,882)	-	955,106	37,771
Net change in fund balance	147,450	-	-	-	-	-	147,450
Fund balance as of July 1, 2017	1,063,188	-	-	-	-	-	1,063,188
Fund balance as of June 30, 2018	\$ 1,210,638	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,210,638

See accompanying notes.

CUMBERLAND COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year ended June 30, 2018

Net change in total fund balances – governmental funds	\$ 147,450
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in the governmental fund financial statements because they use current financial resources, but are presented as assets in the statement of net position and depreciated over their estimated useful lives. Related depreciation expense is reported in the statement of activities. The difference is the amount by which net book value of disposal of capital assets (\$301) and depreciation expense (\$736,461) exceed capital outlays (\$78,033).	(658,729)
Deferred loss on bond refundings is not reported as an expenditure in the governmental fund financial statements, but is capitalized and amortized over the life of the related bonds on the statement of activities.	(36,608)
Bond payments are recognized as expenditures of current financial resources in the governmental fund financial statements, but are reductions of liabilities and interest expense in the statement of net position and statement of activities, respectively.	1,017,938
Accrued expense related to noncurrent portion of accrued liability is recognized in the statement of activities, but not in the governmental fund financial statements because it will not be paid with existing financial resources.	8,004
Pension expense is recognized in the governmental fund financial statements as the total expenditures paid in the current year for the employer's portion of the County Employees Retirement System contributions. However, on the statement of activities, pension expense is calculated using the accrual basis of accounting which accounts for the increases and decreases in the net pension liability.	24,061
Other postemployment benefits expense is recognized in the governmental fund financial statements as the total expenditures paid in the current year for the employer's portion of OPEB contributions. However, on the statement of activities, OPEB expense is calculated using the accrual basis of accounting which accounts for the increases and decreases in the net OPEB liability.	(90,514)
Accumulated sick leave is recognized by the amount earned in the statement of activities, but the governmental fund financial statements only recognize the obligations anticipated to be retired from existing financial resources.	(13,748)
Change in net position – governmental activities	<u>\$ 397,854</u>

See accompanying notes.

CUMBERLAND COUNTY SCHOOL DISTRICT**STATEMENT OF NET POSITION – PROPRIETARY FUNDS****June 30, 2018**

	School Food Service Fund	School Child Care Fund	Total
ASSETS			
Current assets			
Cash	\$ 273,312	\$ 21,783	\$ 295,095
Inventory	<u>15,950</u>	<u>-</u>	<u>15,950</u>
Total current assets	289,262	21,783	311,045
Noncurrent assets			
Capital assets	495,101	1,132	496,233
Less accumulated depreciation	<u>(371,837)</u>	<u>(596)</u>	<u>(372,433)</u>
Total noncurrent assets	<u>123,264</u>	<u>536</u>	<u>123,800</u>
Total assets	412,526	22,319	434,845
LIABILITIES			
Current liabilities			
Accounts payable	<u>1,415</u>	<u>66</u>	<u>1,481</u>
Total current liabilities	1,415	66	1,481
NET POSITION			
Invested in capital assets	123,264	536	123,800
Unrestricted	<u>287,847</u>	<u>21,717</u>	<u>309,564</u>
Total net position	<u>\$ 411,111</u>	<u>\$ 22,253</u>	<u>\$ 433,364</u>

See accompanying notes.

CUMBERLAND COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS

Year ended June 30, 2018

	School Food Service Fund	School Child Care Fund	Total
Operating revenues			
Lunchroom sales	\$ 29,560	\$ -	\$ 29,560
Tuition and fees	<u>-</u>	<u>23,884</u>	<u>23,884</u>
Total operating revenues	29,560	23,884	53,444
Operating expenses			
Salaries, wages, and benefits	376,487	28,186	404,673
Contract services	7,922	1,140	9,062
Materials and supplies	380,901	4,256	385,157
Depreciation	34,410	45	34,455
Other	<u>1,131</u>	<u>1,431</u>	<u>2,562</u>
Total operating expenses	<u>800,851</u>	<u>35,058</u>	<u>835,909</u>
Operating loss	(771,291)	(11,174)	(782,465)
Nonoperating revenues			
Federal grants	706,261	-	706,261
State grants	83,993	11,500	95,493
Donated commodities	34,180	-	34,180
Interest income	<u>1,812</u>	<u>-</u>	<u>1,812</u>
Total nonoperating revenues	826,246	11,500	837,746
Other financing sources (uses)			
Operating transfers out	<u>(37,771)</u>	<u>-</u>	<u>(37,771)</u>
Total other financing sources (uses)	<u>(37,771)</u>	<u>-</u>	<u>(37,771)</u>
Change in net position	17,184	326	17,510
Net position as of July 1, 2017	<u>393,927</u>	<u>21,927</u>	<u>415,854</u>
Net position as of June 30, 2018	<u>\$ 411,111</u>	<u>\$ 22,253</u>	<u>\$ 433,364</u>

See accompanying notes.

CUMBERLAND COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

Year ended June 30, 2018

	School Food Service Fund	School Child Care Fund	Total
Cash flows from operating activities			
Cash received from:			
Lunchroom sales	\$ 29,560	\$ -	\$ 29,560
Tuition and fees	-	23,884	23,884
Cash paid to/for:			
Employees and contract services	(306,298)	(29,326)	(335,624)
Materials and supplies	<u>(346,437)</u>	<u>(6,214)</u>	<u>(352,651)</u>
Net cash used in operating activities	(623,175)	(11,656)	(634,831)
Cash flows from noncapital financing activities			
Government grants	<u>712,143</u>	<u>11,500</u>	<u>723,643</u>
Net cash provided by noncapital financing activities	712,143	11,500	723,643
Cash flows from capital and related financing activities			
Cash transfer to governmental funds	<u>(37,771)</u>	<u>-</u>	<u>(37,771)</u>
Net cash used in capital and related financing activities	(37,771)	-	(37,771)
Cash flows from investing activities			
Capital asset purchases	(3,688)	-	(3,688)
Receipt of interest income	<u>1,812</u>	<u>-</u>	<u>1,812</u>
Net cash used in investing activities	<u>(1,876)</u>	<u>-</u>	<u>(1,876)</u>
Net increase (decrease) in cash	49,321	(156)	49,165
Cash as of July 1, 2017	<u>223,991</u>	<u>21,939</u>	<u>245,930</u>
Cash as of June 30, 2018	<u>\$ 273,312</u>	<u>\$ 21,783</u>	<u>\$ 295,095</u>
Reconciliation of operating loss to net cash used in operating activities			
Operating loss	\$ (771,291)	\$ (11,174)	\$ (782,465)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	34,410	45	34,455
Donated commodities	34,180	-	34,180
State on-behalf payments	78,111	-	78,111
Changes in assets and liabilities:			
Accounts payable	<u>1,415</u>	<u>(527)</u>	<u>888</u>
Net cash used in operating activities	<u>\$ (623,175)</u>	<u>\$ (11,656)</u>	<u>\$ (634,831)</u>

See accompanying notes.

CUMBERLAND COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION – FIDUCIARY FUND

June 30, 2018

	Student Activity Funds
ASSETS	
Cash	\$ 190,296
Accounts receivable	<u>25</u>
Total assets	190,321
LIABILITIES	
Due to student groups	<u>190,321</u>
Total liabilities	<u>190,321</u>
NET POSITION	<u>\$ -</u>

See accompanying notes.

CUMBERLAND COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

Year ended June 30, 2018

1. Basis of presentation and summary of significant accounting policies

Reporting entity – The Cumberland County Board of Education (Board), a five member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Cumberland County School District (District). The District receives funding from local, state, and federal government sources and must comply with the commitment requirements of those funding source entities. However, the District is not included in any other governmental reporting entity, and its Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations, and primary accountability for fiscal matters.

The District, for financial purposes, includes all of the funds relevant to the District's operation. The basic financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc.

The District's basic financial statements include those of separately administered organizations that are controlled by or dependent on the Board. Control or dependence is determined on the basis of budget adoption, funding, and appointment of the respective governing board.

Based on the foregoing criteria, the basic financial statements of the following organization are included in the accompanying basic financial statements:

Cumberland County School District Finance Corporation – The Cumberland County, Kentucky, Board of Education established the Cumberland County School District Finance Corporation (Corporation) (a nonprofit, nonstock, public, and charitable corporation organized under the School Bond Act, KRS 273, and KRS Section 58.180) as an agency of the Board for financing the costs of school building facilities. The Board members of the Cumberland County Board of Education also comprise the Corporation's Board of Directors.

Government-wide financial statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the District's financial activities, except for fiduciary funds. The statements distinguish between those District activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The District's activities are generally financed through state funding, property and utility taxes, and federal, state, and local grants. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flows take place. Revenues from grants are recognized in the fiscal year in which eligibility requirements are met.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities, and each segment of the District's business-type activities. Direct expenses are those that are specifically associated with a service, program, or function. The District does not charge indirect expenses to programs or functions. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the District's general revenues.

Fund financial statements – Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each fund is presented in a separate column. Fiduciary funds are reported by fund type.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. State and other governmental revenues applicable to the current fiscal year and collected within 60 days of year end are recognized as revenue.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when they come due for payment. General capital asset acquisitions are reported as expenditures in governmental funds, and proceeds of general long-term debt are reported as other financing sources.

Under the terms of the District's grant agreements, certain programs are funded by specific cost-reimbursement grants and general revenues. Generally, the District applies cost-reimbursement funds first to finance such programs with remaining costs paid for with general revenues.

Proprietary funds utilize the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues generally result from providing services in connection with the fund's primary operations. The fund's primary operating revenues are food service charges, and tuition and fees. Operating expenses include salaries and benefits, supplies and materials, administrative costs, and depreciation on capital assets.

Fiduciary funds utilize the economic resources measurement focus and the accrual basis of accounting.

Accounting principles generally accepted in the United States of America (GAAP) require the General Fund be reported as a major fund. All other governmental and proprietary funds whose assets, liabilities, revenues, or expenditures comprise at least 10% of the total for the relevant fund category and at least 5% of the corresponding total for all governmental and proprietary funds combined must also be reported as major funds. Additionally, the District has determined certain other funds should be reported as major funds.

The District has the following funds:

a. *Governmental fund types*

The General Fund is the District's general operating fund and accounts for and reports all District revenues and expenditures not accounted for or reported in other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources restricted to expenditures for specified purposes other than debt or capital projects. This is a major fund of the District.

Capital Project Funds are used to account for and report financial resources restricted for capital outlays, including the acquisition or construction of capital facilities or other capital assets, and to provide financial resources for debt service requirements. Capital Projects Funds exclude those types of capital-related outflows financed by proprietary funds or for assets that are held in trust.

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the State as capital outlay funds and is generally restricted for use in financing projects identified in the District's facility plan (including payment of bonded lease obligations). This is a major fund of the District.
2. The Facility Support Program (FSPK) Fund accounts for and reports funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan. This is a major fund of the District.
3. The School Construction Fund accounts for and reports proceeds from sales of bonds and other revenue to be used for authorized construction. This is a major fund of the District.

4. The Debt Service Fund accounts for and reports expenditures for debt payments. This is a major fund of the District.

b. Proprietary fund type

The School Food Service Fund accounts for and reports school food service activities, primarily including the National School Lunch Program and the National School Breakfast Program, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. This is a major fund of the District.

The School Child Care Fund is used to account for and report after-school revenues and programs where a fee is charged for participating. This is a major fund of the District.

c. Fiduciary fund type

The Student Activity Funds account for and report activities of student groups and other types of activities requiring clearing accounts. These funds comply with *Accounting Procedures for Kentucky School Activity Funds* (Redbook).

Budgetary process – The District's budgetary process accounts for transactions on the modified accrual basis of accounting which is consistent GAAP.

In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy, and from estimates of other local, state, and federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay, and other necessary expenses. The budget must be approved by the Board.

The District does not budget for on-behalf payments, which are reported with the General Fund in the fund financial statements and the budgetary comparison supplementary information.

The District must formally and publicly examine estimated revenues and expenses for the subsequent fiscal year by January 31 of each year.

Additionally, the District must prepare an annual allocation to schools by March 1 of each year for the following fiscal year. This allocation must include the amount for certified and classified staff based on the District's staffing policy and the amount for the instructional supplies, materials, travel, and equipment.

Additionally, the District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each year. This budget must contain a 2% reserve.

Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of the current fiscal year.

The Board has the ability to amend the working budget. The working budget was amended during the year.

Cash and cash equivalents – The District considers demand deposits, money market funds, certificates of deposit, and U.S. Treasury Securities with an original maturity of 90 days or less, to be cash equivalents.

Inventory – Inventory which consists of food and supplies is recorded at the lower of cost, determined by the first-in first-out (FIFO) method, or market.

Deferred loss on bond refundings – Deferred loss on bond refundings represent losses equal to the principal amount borrowed to refund the principal amount outstanding on previous bond issues. These amounts are recognized as deferred outflows of resources on the accompanying statement of net position. The amounts are amortized over the life of the new bond or the life of the refunded bond (whichever is shorter), and included in interest expense on the accompanying statement of activities.

Deferred outflows and inflows of resources related to pension expense and other postemployment benefits – Deferred outflows and deferred inflows of resources related to pension expense and other postemployment benefits (OPEB) represent District contributions to multi-employer pension plans after the measurement date (June 30, 2017) used to account for the pension and OPEB liabilities, the impact on pension and OPEB liabilities related to differences between expected and actual experience, changes of assumptions, net differences between projected and actual earnings on pension plan and OPEB investments, and changes in proportion and differences between District contributions and proportionate share of contributions on the accompanying statement of net position.

Interfund balances – On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as due from or to other funds.

Capital assets – General capital assets are those assets not specifically related to activities reported in the proprietary funds. Those assets generally result from expenditures in the governmental funds and are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund.

All capital assets are capitalized at cost (or estimated historical cost based on independent appraisals) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. Effective July 1, 2013, the District maintains a capitalization threshold of \$1,000. Prior to July 1, 2013, the District maintained a capitalization threshold of \$1,000 with the exception of computers and related equipment for which there was no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	40 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-14 years
General equipment	10 years
Furniture and fixtures	7 years
Food service and child care equipment	7 years

Accrued liabilities and long-term obligations – All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported in the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements if they will be liquidated with current resources. In general, payments made within 60 days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Unearned revenue – Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied.

Accumulated sick leave – Sick leave benefits are calculated using the vesting method, and accrued based on the District's estimates using historical trend information in the government-wide financial statements. The current portion of the liability is estimated based on the anticipated payouts in the succeeding fiscal year.

Pensions and other postemployment benefits – For purposes of measuring the net pension and OPEB liability, deferred outflows and deferred inflows of resources related to pension and OPEB expense, pension and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and the Teachers Retirement System (TRS), and additions to/deductions from CERS's and TRS's fiduciary net position have been determined on the same basis as they are reported by CERS and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund balances – The District classifies its governmental fund balances as follows:

Nonspendable – This category includes funds that are not available to be spent because they are not in spendable format or are legally required to remain intact. The District does not have any nonspendable funds as of June 30, 2018.

Restricted – This category includes resources that are restricted by state law to be used for certain purposes. The SEEK Capital Outlay Fund and the FSPK Fund are restricted to be used for future debt service or future construction projects. The School Construction Fund is restricted for future construction projects. The Debt Service Fund is restricted for debt service. The District does not have any restricted funds as of June 30, 2018.

Committed – This category includes funds that have been designated for future use by the Board. Only the Board may commit funds and modify or rescind the commitment.

Assigned – This category represents funds that have been designated for existing purchase obligations. Assignments can be made by authorized members of management. The District does not have any assigned funds as of June 30, 2018.

Unassigned – This category represents the remainder of the governmental fund balances that do not belong in any other fund balance classification.

When the District incurs an expenditure for which committed, assigned, or unassigned funds are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

When the District incurs an expenditure for which restricted and unrestricted (assigned and unassigned, respectively) funds are available within a given fund, the District generally spends restricted funds first and unrestricted funds last.

Net position – Net position represents the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources. Amounts invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on the asset's use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When the District incurs an expenditure for which both restricted and unrestricted funds are available, the District considers restricted funds to have been spent first.

Interfund activity – Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds, and after nonoperating revenues/expenses in proprietary funds.

Encumbrance accounting – Encumbrances are not liabilities, and therefore are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next fiscal year.

Estimates – The preparation of basic financial statements in accordance with GAAP requires the District's management to make estimates and assumptions that affect reported amounts of assets, deferred outflows and deferred inflows of resources, liabilities, net position/fund balances, and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Fair value measurements – The District applies fair value measurements as prescribed by the Government Accounting Standards Board (GASB) Statement No. 72 which requires entities to determine fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. This statement emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and applies in conjunction with other GASB Standards that require or permit fair value measurements and disclosures. The guidance requires impacted assets and liabilities to be measured and disclosed in one of three categories based on the significance and source of the inputs to their valuation. The hierarchy consists of three broad levels: Level 1, Level 2, and Level 3. Level 1 inputs have the highest priority and consist of observable unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access. Level 2 inputs include a) quoted prices for similar assets or liabilities in inactive markets, b) quoted prices for identical or similar assets or liabilities in inactive markets, c) inputs other than quoted prices that are observable for the asset or liability, and d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs have the lowest priority, are unobservable, and include judgments about the assumptions that market participants would use in pricing the asset or liability.

An asset's or liability's fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to its fair value measurement. Valuation techniques used are to maximize the use of observable inputs and minimize the use of unobservable inputs. Management uses specific valuation techniques based on the available inputs to measure the fair value of the District's impacted assets and liabilities. When available, management measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

These methods may produce a fair value calculation that may not be indicative of net realizable value, or reflective of future fair values. Furthermore, while management believes the valuation methods utilized are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain assets and liabilities could result in different fair value measurements as of June 30, 2018.

Subsequent events – The District's management has evaluated subsequent events through November 12, 2018, the date which the financial statements were available for issue. No subsequent events were of such nature to require disclosure.

New accounting pronouncements – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*. This statement establishes new reporting and disclosure requirements for entities that provide postemployment benefits other than retirement and establishes criteria whereas these amounts may be accrued or disclosed in entity financial statements. The District adopted this statement effective July 1, 2017 (see Note 8) resulting in an increase of deferred outflows of resources related to other postemployment benefits of \$108,552, and a \$2,937,359 increase in OPEB liability on the statement of net position, and a \$2,828,807 reduction in the District's net position as of July 1, 2017 on the statement of net position and activities.

In June 2017, GASB issued Statement No. 87, *Leases* which increases the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for leases that are currently accounted for as operating leases. This statement is effective for reporting periods beginning after December 15, 2019. The District has not determined the impact this statement will have on future financial statements.

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement increases disclosures regarding the terms of borrowing arrangements. This statement is effective for period beginning after June 15, 2018. The District has not determined the impact this statement will have on future financial statements.

2. Deposits with financial institutions

As of June 30, 2018, the carrying amount of the District's deposits with financial institutions was \$1,617,511, and its bank balances totaled \$2,393,356. Of the total bank balances, \$250,000 was covered by federal depository insurance, with the remainder covered by a collateral agreement with securities.

Cash is commingled in various bank accounts. Due to the nature of the accounts and limitations imposed by bond issue requirements, construction projects, and financial assistance programs, each cash amount within the following funds is considered to be restricted:

Student Activity Funds

District funds are considered to be public funds and therefore its investment is limited by statute to certain obligations of the United States or similar government agencies, cash instruments, and certain pooled investment funds.

3. Taxes

The District's ad valorem property tax is levied each September 30 on the assessed value listed as of the prior January 1 for all real and personal property located in the District. Taxes are due on January 2 and become delinquent after January 31 following the September 30 levy date.

The property tax rates assessed for the year ended June 30, 2018 were \$.414 per \$100 valuation for real property, \$.414 per \$100 valuation for business personal property, and \$.53 per \$100 valuation for motor vehicles.

The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the county, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial, and mixed gas.

4. Capital assets

Capital asset activity for the fiscal year ended June 30, 2018 is as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance June 30, 2018</u>
Land	\$ 162,571	\$ -	\$ -	\$ -	\$ 162,571
Land improvements	730,685	48,000	-	-	778,685
Buildings and improvements	17,617,627	15,636	-	-	17,633,263
Technology equipment	553,433	14,397	33,117	-	534,713
Vehicles	1,475,936	-	-	-	1,475,936
General equipment	613,147	-	1,032	-	612,115
Total cost	21,153,399	78,033	34,149	-	21,197,283
Less accumulated depreciation:					
Land improvements	447,545	23,185	-	-	470,730
Buildings and improvements	6,265,865	609,843	-	-	6,875,708
Technology equipment	530,614	14,237	33,117	-	511,734
Vehicles	1,023,683	65,839	-	-	1,089,522
General equipment	317,014	23,357	731	-	339,640
Total accumulated depreciation	8,584,721	736,461	33,848	-	9,287,334
Governmental activities net capital assets	\$ 12,568,678	\$ (658,428)	\$ (301)	\$ -	\$ 11,909,949

<u>Business-Type Activities</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance June 30, 2018</u>
Building and building improvements	\$ 32,506	\$ -	\$ -	\$ -	\$ 32,506
General equipment	<u>460,039</u>	<u>3,688</u>	<u>-</u>	<u>-</u>	<u>463,727</u>
Total cost	492,545	3,688	-	-	496,233
Less accumulated depreciation:					
Building and building improvements	31,925	45	-	-	31,970
General equipment	<u>306,053</u>	<u>34,410</u>	<u>-</u>	<u>-</u>	<u>340,463</u>
Total accumulated depreciation	<u>337,978</u>	<u>34,455</u>	<u>-</u>	<u>-</u>	<u>372,433</u>
Business-type activities net capital assets	<u>\$ 154,567</u>	<u>\$ (30,767)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,800</u>

Governmental activities depreciation expense is allocated to specific functions or programs on the statement of activities as follows:

Instruction	\$ 583,367
Student support services	2,526
Instructional staff support services	7,936
District administration	17,381
Plant operations and maintenance	55,873
Student transportation	69,247
Community services	<u>131</u>
Total depreciation expense	<u>\$ 736,461</u>

5. Bonded debt and lease obligations

The amounts shown in the accompanying basic financial statements as bond obligations represent the District's future obligations to make lease payments relating to the bonds issued by the Cumberland County School District Finance Corporation.

The original amount of each issue, the issue date, and interest rate are summarized below:

<u>Issue</u>	<u>Proceeds</u>	<u>Interest Rates</u>
2008	\$ 490,000	2.25 – 4.00%
2009 KISTA	154,745	2.00 – 3.60%

<u>Issue</u>	<u>Proceeds</u>	<u>Interest Rates</u>
2011 QZAB	\$ 2,441,505	5.30%
2012 KISTA	167,952	2.00 – 2.625%
2013	1,135,000	1.25%
2015 KISTA	180,173	1.00 – 2.625%
2016	5,860,000	1.00 – 2.125%
2016	1,100,000	1.00 – 3.25%
2017 KISTA	189,473	2.55%

The District, through the General Fund, the Facility Support Program (FSPK) Fund, and the SEEK Capital Outlay Fund, is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Cumberland County School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

For the 2013 and 2016 bond issues, the District entered into "participation agreements" with the School Facility Construction Commission (Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The participation agreements generally provide for the Commission to assist the District in meeting bond obligations and are renewable, at the Commission's option, bi-annually. Should the Kentucky General Assembly choose to not fund the Commission in the future, the District would be responsible for meeting the full requirements of the bond issues. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

The District has also entered into an agreement with the federal government. The agreement grants, under the Build American Bonds stimulus program, rebates of 100% of future debt service (approximately \$2,568,000 at inception through 2026) scheduled for the 2011 QZAB issue. Should the federal government cease providing these rebates in the future, the District would be responsible for meeting the full requirements of the bond issue.

The bonds may be called prior to maturity with redemption premiums specified in each issue. Assuming no bonds are called prior to scheduled maturity, the District's minimum obligations, including amounts to be paid by the Commission, as of June 30, 2018 for debt service (principal and interest) are as follows:

<u>Fiscal Year Ending</u>	<u>Cumberland County School District</u>		<u>Kentucky School Facility Construction Commission</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2019	\$ 921,044	\$ 110,039	\$ 155,130	\$ 49,266	\$ 1,235,479
2020	931,064	97,622	158,234	46,162	1,233,082
2021	926,344	84,972	161,398	42,997	1,215,711
2022	939,357	72,662	164,627	39,770	1,216,416

Fiscal Year Ending	Cumberland County School District		Kentucky School Facility Construction Commission		Total
	Principal	Interest	Principal	Interest	
2023	\$ 741,484	\$ 60,041	\$ 167,918	\$ 36,477	\$ 1,005,920
2024	751,008	49,985	171,278	33,119	1,005,390
2025	753,019	39,698	175,178	29,218	997,113
2026	749,633	29,337	179,171	25,226	983,367
2027	514,641	19,130	183,257	21,139	738,167
2028	351,574	8,090	53,426	16,791	429,881
2029	-	606	55,000	15,188	70,794
2030	3,322	606	56,678	13,538	74,144
2031	1,621	506	58,379	11,838	72,344
2032	4,797	455	60,203	10,013	75,468
2033	2,915	305	62,085	8,132	73,437
2034	974	214	64,026	6,192	71,406
2035	3,974	184	66,026	4,191	74,375
2036	1,911	60	68,089	2,128	72,188
	<u>\$ 7,598,682</u>	<u>\$ 574,512</u>	<u>\$ 2,060,103</u>	<u>\$ 411,385</u>	<u>\$ 10,644,682</u>

A summary of the changes in the outstanding bonds during the fiscal year ended June 30, 2018 is as follows:

<u>Issue</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2018</u>
School Building Revenue Bonds:				
2008	\$ 250,000	\$ -	\$ 250,000	\$ -
2013	945,000	-	180,000	765,000
2016	5,790,000	-	265,000	5,525,000
2016	1,055,000	-	45,000	1,010,000
KISTA Bonds:				
2009	45,612	-	16,440	29,172
2012	82,169	-	16,847	65,322
2015	141,044	-	17,192	123,852
2017	189,473	-	19,837	169,636
QZAB Bonds:				
2011	<u>2,175,891</u>	<u>-</u>	<u>205,088</u>	<u>1,970,803</u>
Totals	<u>\$ 10,674,189</u>	<u>\$ -</u>	<u>\$ 1,015,404</u>	<u>\$ 9,658,785</u>

6. Accumulated unpaid sick leave benefits

Upon retirement from the District, eligible employees will receive an amount equal to 30% of the value of accumulated sick leave.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid accumulated sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the accumulated sick leave payable account in the General Fund. The noncurrent portion of the liability is not reported.

A summary of the changes in the accumulated unpaid sick leave benefits during the fiscal year ended June 30, 2018 is as follows:

Balance as of July 1, 2017	\$ 295,137
Additions	87,476
Less payments/forfeitures	<u>47,437</u>
Balance as of June 30, 2018	335,176
Less current portion	<u>51,107</u>
Noncurrent portion	<u>\$ 284,069</u>

7. Commitments and contingencies

The District receives funding from federal and state government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based on the grantors' review, the funds are considered not to have been used for the intended purpose, the grantors may request a refund of funds advanced, or refuse to reimburse the District for its disbursements. The collectability of any related receivables as of June 30, 2018 may be impaired. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

8. Retirement and other postemployment benefit plans

District employees are provided with two pension plans based on each position's college degree requirement. CERS covers employees whose position does not require a college degree or teaching certification. TRS covers positions requiring teaching certification or otherwise requiring a college degree.

General information about CERS

Plan description – Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky (the Commonwealth). Under the provisions of the Kentucky Revised Statute (KRS) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <https://kyret.ky.gov/>.

Benefits provided – CERS provides retirement, health insurance, and death and disability benefits to plan employees and beneficiaries. Employees are vested in the plan after five years of service. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years of service or 65 years old
	Reduced retirement	At least five years of service and 55 years old, or at least 25 years of service and any age
Tier 2	Participation date	September 1, 2008 – December 31, 2013
	Unreduced retirement	At least five years of service and 65 years old, or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least ten years of service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least five years of service and 65 years old, or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available

Cost of living adjustments are provided at the discretion of the Kentucky General Assembly. Retirement is based on a factor of the number of years of service and hire date multiplied by the average of the highest five years earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years of service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate of pay, and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years of service is required for nonservice-related disability benefits.

Contributions – Required contributions as determined by the Kentucky Retirement System Board of Trustees by the employee are based on the tier:

	<u>Required contribution</u>
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

The District matches at a rate of 19.18% (18.68% for 2017, used in measurement period) of the employee's total covered compensation. The District's matching contributions total \$234,111 (\$202,059 for 2017, used in measurement period) for the year ended June 30, 2018.

General information about TRS

Plan description – The District's teaching certified employees and certain other employees whose positions require at least a college degree are provided pensions through TRS – a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth of Kentucky. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. TRS is a blended component unit of the Commonwealth of Kentucky, and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://www.trs.ky.gov/financial-reports-information>.

Benefits provided – For employees who have established an account in a retirement system administered by the Commonwealth prior to July 1, 2008, employees become vested when they complete five years of credited service. To qualify for monthly retirement benefits, payable for life, employees must either attain age fifty-five and complete five years of Kentucky service, or complete 27 years of Kentucky service.

Employees who retire before age 60 with less than 27 years of service receive reduced retirement benefits. Employees with an account established prior to July 1, 2002 receive monthly payments equal to 2% (service prior to July 1, 1983) and 2.5% (service after July 1, 1983) of their final average salaries for each year of credited service. Employees hired (including second retirement accounts) after July 1, 2002 and before July 1, 2008 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is less than ten years. Employees hired after July 1, 2002 and before July 1, 2008 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Employees hired after July 1, 2008 will receive monthly benefits equal to 1.7% of their final average salary for each year of service if, upon retirement, their total service is less than ten years; 2% if their years of service are ten to twenty years; 2.3% if their years of service are twenty to twenty-five years; and 2.5% if their years of service exceed 26 years.

Final average salary is defined as the member's five highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three highest annual salaries to compute the final average salary. TRS also provides disability benefits for vested employees at the rate of 60% of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing employees, and \$5,000 for retired or disabled employees.

Cost of living increases are 1.5% annually. Additional ad hoc increases and any other benefit amendments must be authorized by the Kentucky General Assembly.

Contributions – Contribution rates are established by KRS. Employees are required to contribute 12.855% (12.855% for 2017, used in measurement period) of their salaries to TRS.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for employees hired before July 1, 2008, and 14.105% for those hired after July 1, 2008. For employees whose salaries are federally funded, the District contributes 16.105% (16.105% for 2017, used in measurement period) of salaries. If an employee leaves covered employment before accumulating five years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the employee's request.

Other retirement plans

The District also offers employees the option to participate in voluntary tax-deferred compensation retirement plans as provided by the Cumberland County Board of Education 403(b) Plan, and by the Kentucky Public Employees' Deferred Compensation Program

which administers 401(k) plans sponsored by the Commonwealth of Kentucky. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum amount allowable under Sections 403(b), 401(k), and 457 of the Internal Revenue Code. Members contributed approximately \$54,000 during the year ended June 30, 2018. The District does not contribute to these plans.

Medical insurance plan

Plan description – In addition to the pension benefits described above, KRS 161.675 requires TRS to provide post-employment healthcare benefits to eligible employees and dependents. The TRS Medical Insurance Fund is a cost-sharing multiple-employer defined benefit plan. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance, and the Kentucky General Assembly.

To be eligible for medical benefits, the employee must have retired either for service or disability. The TRS Medical Insurance Fund offers coverage to employees under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Once retired employees and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

Funding policy – In order to fund the post-retirement healthcare benefit, 7.5% of the gross annual payroll of all certified employees is contributed. 3.75% of the amount is paid by employee contributions, 3% from the employer, with the remainder coming from the Commonwealth. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the plan's medical expenses.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

As of June 30, 2018, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth provides the pension support directly to TRS on the District's behalf. The approximate amount recognized by the District and the Commonwealth as its proportionate share of the net pension liability were as follows:

District's proportionate share of the CERS net pension liability	\$ 2,600,000
Commonwealth's proportionate share of the TRS net liability associated with the District	32,320,000

The net pension liability for each plan was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportionate share of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of CERS as determined by the actuary. As of June 30, 2017, the District's proportion was 0.04%.

For the year ended June 30, 2018, the District recognized pension expense totaling approximately \$210,000 related to CERS.

The District reported deferred outflows of resources and deferred inflows of resources related to pension expense from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 21,348	\$ 65,993
Changes of assumptions	699,627	-
Net difference between projected and actual earnings on pension plan investments	388,894	173,741
Changes in proportion and differences between District contributions and proportionate share of contributions	4,991	88,805
District contributions subsequent to the measurement date	<u>234,111</u>	<u>-</u>
Total	<u>\$ 1,348,971</u>	<u>\$ 328,539</u>

Deferred outflows and deferred inflows related to pension expense will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2019	\$ 490,541	\$ 66,561
2020	256,430	66,561
2021	256,431	66,561
2022	207,645	66,560
2023	137,924	62,296

Actuarial assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>CERS</u>	<u>TRS</u>
Inflation	3.25%	3.00%
Projected salary increases	4.00%	3.5 – 7.3%
Investment rate of return, net of investment expense and inflation	7.50%	7.50%

For CERS, the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

For TRS, mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025, set forward two year for males and one year for females.

In 2017, the Investment Committee of CERS approved new target asset allocations in an attempt to reduce the public equity exposure in favor of fixed income. The target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. equity	25.6%
Broad market international equities	25.2%
Global fixed income	6.8%
Credit fixed income	7.2%
Private equity	10.0%
Real return	8.0%
Absolute return	10.0%
Real estate	5.0%
Cash equivalent	<u>2.2%</u>
Total	<u>100.0%</u>

For TRS, the long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equity	42.0%	4.4%
International equity	20.0%	5.3%
Fixed-income	16.0%	1.5%
Additional categories	9.0%	3.6%
Real estate	5.0%	4.4%
Private equity	6.0%	6.7%
Cash	<u>2.0%</u>	0.8%
Total	<u>100.0%</u>	

Discount rate – For CERS, the discount rate used to measure the total pension liability was 6.25%. This single discount rate was based on the expected rate of return on pension plan investments. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each system. The projection of cash flows used to determine the single discount rate assumes that the participating employers contribute the actuarially determined contribution rate in all future years.

For TRS, the discount rate used to measure the total pension liability was 4.49%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates, and the employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan employees until the 2038 plan year and, as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Investment Rate (SEIR). There was a change in the Municipal Bond Index Rate from the prior Measurement Date to the Measurement Date, so as required under GASB 68, the SEIR at the Measurement Date of 4.49% was calculated using the Municipal Bond Index Rate as of the Measurement Date (3.56%). This change in the discount rate is considered a change in actuarial assumptions or other inputs under GASB 68.

Sensitivity of CERS and TRS proportionate share of net pension liability to changes in the discount rate – The following table presents the District's net pension liability calculated, using the discount rates selected by each pension system, as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's approximate proportionate share of net pension liability	3,279,000	2,600,000	2,032,000
TRS	3.49%	4.49%	5.49%
District's proportionate share of net pension liability	-	-	-

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports of both CERS and TRS.

OPEB Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEBs

As of June 30, 2018, the District reported a liability of \$892,893 and \$2,259,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District for CERS and TRS, respectively. The collective net OPEB liabilities were measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was .04% for CERS which remained the same as the prior year, and the District's proportion was .11% for TRS, which remained the same as the prior year.

The amount recognized by the District as its proportionate share of the TRS OPEB liability, the related Commonwealth support, and the total portion of the net TRS OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ 2,259,000
Commonwealth's proportionate share of the net OPEB liability associated with the District	<u>1,845,000</u>
Total	<u>\$ 4,104,000</u>

For the year ended June 30, 2018, the District recognized OPEB expense of \$294,304 and revenue of \$89,757 for support provided by the Commonwealth for TRS. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

CERS

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,480
Changes of assumptions	194,288	-
Net difference between projected and actual earnings on pension plan investments	-	42,198
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>-</u>	<u>2,071</u>
Total CERS	194,288	46,749

TRS

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 29,000
District contributions subsequent to the measurement date	<u>114,033</u>	<u>-</u>
Total TRS	<u>114,033</u>	<u>29,000</u>
Combined CERS and TRS	<u>\$ 308,321</u>	<u>\$ 75,749</u>

Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

CERS

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Year ended June 30:		
2018	\$ 38,858	\$ 9,350
2019	38,858	9,350
2020	38,858	9,350
2021	38,858	9,350
2022	38,856	9,349

TRS

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Year ended June 30:		
2018	\$ 114,033	\$ 5,800
2019	-	5,800
2020	-	5,800
2021	-	5,800
2022	-	5,800

Actuarial assumptions – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

CERS

Investment rate of return	6.25%
Projected salary increases	3.05%
Inflation rate	2.30%
Real wage growth	2.00%
Wage Inflation	2.30%
Healthcare cost trend rates	
Under 65	7.25% trend starting at January 2019, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Ages 65 and Older	Initial trend starting at 5.10% at January 1, 2019, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years
Municipal bond Index rate	3.56%
Discount rate	5.84%
Single equivalent interest rate	5.84%, net of OPEB plan investment expense, including inflation

TRS

Investment rate of return	7.50% (Life insurance) – 8.00% (Health Insurance)
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real wage growth	0.50%
Wage inflation	3.5%

TRS

Healthcare cost trend rates	
Under 65	7.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2023
Ages 65 and Older	5.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2020
Medicare Part B Premiums	1.02% for FY 2017 with an ultimate rate of 5.00% by 2029
Municipal bond index rate	3.56%
Discount rate	8.00%
Single equivalent interest rate	8.00%, net of OPEB plan investment expense, including inflation

For CERS the mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back for one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement.

For TRS mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement. The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

For TRS the long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	60.0%	5.1%
Fixed Income	9.0%	1.2%
Real Estate	4.5%	4.0%
Private Equity	5.5%	6.6%
High Yield	10.0%	4.3%
Other Additional Categories*	10.0%	3.3%
Cash (LIBOR)	<u>1.0%</u>	0.5%
Total	<u>100.0%</u>	

* Modeled as 50% High Yield and 50% Bank Loans.

The CERS did not provide investment assumptions for OPEB that differed from the assumptions used for the pension liability.

Discount rate – For CERS the projection of cash flows used to determine the discount rate of 5.84% assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.56%, as reported in Fidelity Index's "20 –Year Municipal GO AA Index" as of June 30, 2017. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CERS's Comprehensive Annual Financial Report.

For TRS the discount rate used to measure the total OPEB liability for TRS was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the District's proportionate share of the collective net OPEB liability, calculated using the discount rate, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

CERS

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 1,136,157	\$ 892,893	\$ 690,460

TRS

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 2,631,000	\$ 2,259,000	\$ 1,950,000

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates – The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

CERS

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 684,895	\$ 892,893	\$ 1,163,279

TRS

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 1,890,000	\$ 2,259,000	\$ 2,711,000

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERS or TRS financial report.

9. On-behalf payments for fringe benefits and other District expenditures

The District receives on-behalf payments for fringe benefits and other District expenditures from the Commonwealth. The following amounts are included as revenues and expenses/expenditures on the statement of activities, and the statement of revenues, expenditures, and changes in fund balances:

Retirement contributions to TRS	\$ 1,238,062
Health and life insurance	1,038,231
Technology	27,259
Debt service	<u>204,396</u>
Total	<u>\$ 2,507,948</u>

10. Insurance, risk management, and related activities

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc.; and risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, natural disasters, workers compensation, unemployment, etc. Each of these risk areas is covered through the purchase of commercial insurance.

The District has purchased certain policies which are retrospectively rated which includes workers' compensation insurance. Premiums are accrued based on the ultimate cost of the experience to date of a group of entities.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past three fiscal years.

11. Deficit operating/fund balances

There are no District funds that currently have a deficit fund balance.

12. COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the District at risk for a substantial loss contingency.

13. Transfer of funds

The following transfers were made during the year ended June 30, 2017:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Matching	General	Special Revenue	Matching	\$ 25,564
Operating	General	Debt Service	Debt payments	216,844
Operating	Special Revenue	General	Indirect cost	250
Operating	Special Revenue	Special Revenue	Reallocation	141,451
Operating	Capital Outlay	General	Administrative	258
Operating	Capital Outlay	Debt Service	Debt payments	83,380
Operating	FSPK	Debt Service	Debt payments	654,882
Operating	Food Service	General	Administrative	37,771

14. Interfund receivables and payables

Interfund balances as of June 30, 2018 consist of the following:

<u>Due to Fund</u>	<u>Due from Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Special Revenue	Cash flow	\$ 158,376

SUPPLEMENTARY INFORMATION

CUMBERLAND COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND

Year ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
From local sources:				
Taxes:				
Property	\$ 837,485	\$ 860,567	\$ 990,416	\$ 129,849
Motor vehicle	215,001	220,000	234,898	14,898
Utilities	400,000	375,000	447,057	72,057
Other	185,000	185,000	203,549	18,549
Earnings on investments	10,000	10,000	15,033	5,033
Other local	108,000	108,000	163,231	55,231
Intergovernmental – State	3,863,960	3,891,307	6,113,990	2,222,683
Intergovernmental – Federal	45,000	45,000	82,517	37,517
Total revenues	5,664,446	5,694,874	8,250,691	2,555,817
Expenditures				
Current:				
Instruction	2,815,327	2,804,890	4,664,047	(1,859,157)
Student support services	336,757	336,942	319,606	17,336
Instructional staff support services	187,526	170,512	129,534	40,978
District administration	378,943	453,487	482,202	(28,715)
School administration	597,425	611,356	571,206	40,150
Business support services	363,758	358,352	318,774	39,578
Plant operations and maintenance	717,324	742,082	873,165	(62,116)
Student transportation	496,991	466,735	532,182	(131,083)
Food service operation	600	600	380	220
Community services	1,550	1,550	12	1,538
Contingency	348,003	470,390	-	470,390
Debt service	8,004	8,004	8,004	-
Total expenditures	6,252,208	6,424,900	7,899,112	(1,474,212)
Excess (deficit) of revenues over (under) expenditures	(587,762)	(730,026)	351,579	1,081,605
Other financing sources (uses)				
Operating transfers in	68,423	56,622	38,279	(18,343)
Operating transfers out	(305,661)	(298,786)	(242,408)	56,378
Total other financing sources (uses)	(237,238)	(242,164)	(204,129)	38,035
Net change in fund balance	(825,000)	(972,190)	147,450	1,119,640
Fund balance as of July 1, 2017	1,063,188	1,063,188	1,063,188	-
Fund balance as of June 30, 2018	<u>\$ 238,188</u>	<u>\$ 90,998</u>	<u>\$ 1,210,638</u>	<u>\$ 1,119,640</u>

CUMBERLAND COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – SPECIAL REVENUE FUNDS Year ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
From local sources:				
Earnings on investments	\$ -	\$ -	\$ 105	\$ 105
Other local	22,400	109,062	95,632	(13,430)
Intergovernmental – State	451,330	594,657	630,132	35,475
Intergovernmental – Federal	<u>1,040,085</u>	<u>1,202,451</u>	<u>1,308,868</u>	<u>106,417</u>
Total revenues	1,513,815	1,906,170	2,034,737	128,567
Expenditures				
Current:				
Instruction	1,104,340	1,413,164	1,515,964	(102,800)
Student support services	10,000	22,679	24,172	(1,493)
Instructional staff support services	342,793	347,489	411,512	(64,023)
Student transportation	7,103	16,060	18,391	(2,331)
Food service operation	-	22,056	-	22,056
Community services	<u>81,777</u>	<u>117,068</u>	<u>90,012</u>	<u>27,056</u>
Total expenditures	<u>1,546,013</u>	<u>1,938,516</u>	<u>2,060,051</u>	<u>(121,535)</u>
(Deficit) excess of revenues (under) over expenditures	(32,198)	(32,346)	(25,314)	7,032
Other financing sources (uses)				
Operating transfers in	136,722	82,818	167,015	84,197
Operating transfers out	<u>(104,524)</u>	<u>(60,504)</u>	<u>(141,701)</u>	<u>(81,197)</u>
Total other financing sources (uses)	<u>32,198</u>	<u>22,314</u>	<u>25,314</u>	<u>3,000</u>
Net change in fund balance	-	(10,032)	-	10,032
Fund balance as of July 1, 2017	-	-	-	-
Fund balance as of June 30, 2018	<u>\$ -</u>	<u>\$ (10,032)</u>	<u>\$ -</u>	<u>\$ 10,032</u>

CUMBERLAND COUNTY SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – COUNTY EMPLOYEES RETIREMENT SYSTEM

Years ended June 30, 2018, 2017, 2016, and 2015

District's proportion of the net pension liability

2018 (2017 measurement period)	0.04%
2017 (2016 measurement period)	0.05%
2016 (2015 measurement period)	0.05%
2015 (2014 measurement period)	0.05%

District's proportionate share of the net pension liability

2018 (2017 measurement period)	\$ 2,559,747
2017 (2016 measurement period)	2,287,872
2016 (2015 measurement period)	2,032,030
2015 (2014 measurement period)	1,528,460

District's covered-employee payroll

2018 (2017 measurement period)	\$ 1,081,686
2017 (2016 measurement period)	1,109,314
2016 (2015 measurement period)	1,108,484
2015 (2014 measurement period)	1,234,566

District's proportionate share of the net pension liability
as a percentage of its covered-employee payroll

2018 (2017 measurement period)	236.64%
2017 (2016 measurement period)	206.24%
2016 (2015 measurement period)	183.32%
2015 (2014 measurement period)	123.81%

Plan fiduciary net position as a percentage of the
total pension liability

2018 (2017 measurement period)	53.32%
2017 (2016 measurement period)	55.50%
2016 (2015 measurement period)	59.97%
2015 (2014 measurement period)	66.80%

See accompanying notes.

CUMBERLAND COUNTY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS – COUNTY EMPLOYEES RETIREMENT SYSTEM Years ended June 30, 2018, 2017, 2016, and 2015

Contractually required contribution	
2018 (2017 measurement period)	\$ 202,059
2017 (2016 measurement period)	189,249
2016 (2015 measurement period)	137,777
2015 (2014 measurement period)	139,728
Contributions in relation to the contractually required contribution	
2018 (2017 measurement period)	\$ 202,059
2017 (2016 measurement period)	189,249
2016 (2015 measurement period)	137,777
2015 (2014 measurement period)	139,728
Contribution deficiency (excess)	
2018 (2017 measurement period)	\$ -
2017 (2016 measurement period)	-
2016 (2015 measurement period)	-
2015 (2014 measurement period)	-
District's covered-employee payroll	
2018 (2017 measurement period)	\$ 1,081,686
2017 (2016 measurement period)	1,109,314
2016 (2015 measurement period)	1,108,484
2015 (2014 measurement period)	1,234,566
Contributions as a percentage of covered-employee payroll	
2018 (2017 measurement period)	18.68%
2017 (2016 measurement period)	17.06%
2016 (2015 measurement period)	12.43%
2015 (2014 measurement period)	11.32%

See accompanying notes.

CUMBERLAND COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – COUNTY EMPLOYEES RETIREMENT SYSTEM

Year ended June 30, 2018

Changes of benefit terms – There have been no changes in benefit terms during the period covered by the required supplementary information (June 30, 2017 measurement period).

Changes of assumptions – Since the prior measurement date (June 30, 2016), the demographic and economic assumptions that affect the measurement of the total pension liability have been updated. The discount rate used was lowered from 7.5% (2016 measurement date) to 6.25% (2017 measurement date).

Assets accumulated in trust – There are no assets accumulated in trust that meets the GASB criteria to pay pension benefits.

Periods covered by the required supplementary information – GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* requires the accompanying supplementary information to report on trend information for the previous ten fiscal years if the information is available. The District has only been provided this information for four fiscal years and will expand this supplementary information in future financial statements to cover additional periods as they become available.

CUMBERLAND COUNTY SCHOOL DISTRICT

**SCHEDULE OF COMMONWEALTH OF KENTUCKY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY –TEACHERS' RETIREMENT SYSTEM**

Years ended June 30, 2018, 2017, 2016, and 2015

Commonwealth of Kentucky's proportion of the
net pension liability

2018 (2017 measurement period)	0.11%
2017 (2016 measurement period)	0.12%
2016 (2015 measurement period)	0.13%
2015 (2014 measurement period)	0.15%

Commonwealth of Kentucky's proportionate share
of the net pension liability

2018 (2017 measurement period)	\$ 32,319,931
2017 (2016 measurement period)	36,986,350
2016 (2015 measurement period)	31,395,826
2015 (2014 measurement period)	30,850,918

Plan fiduciary net position as a percentage of the
total pension liability

2018 (2017 measurement period)	39.83%
2017 (2016 measurement period)	35.22%
2016 (2015 measurement period)	42.49%
2015 (2014 measurement period)	45.59%

See accompanying notes.

CUMBERLAND COUNTY SCHOOL DISTRICT

**SCHEDULE OF COMMONWEALTH OF KENTUCKY'S CONTRIBUTIONS –TEACHERS'
RETIREMENT SYSTEM**

Years ended June 30, 2018, 2017, 2016, and 2015

Commonwealth of Kentucky statutorily required contribution	
2018 (2017 measurement period)	\$ 1,238,062
2017 (2016 measurement period)	608,578
2016 (2015 measurement period)	649,310
2015 (2014 measurement period)	729,369
Commonwealth of Kentucky contributions in relation to the statutorily required contribution	
2018 (2017 measurement period)	\$ 1,238,062
2017 (2016 measurement period)	608,578
2016 (2015 measurement period)	649,310
2015 (2014 measurement period)	729,369
Commonwealth of Kentucky annual contribution deficiency (excess)	
2018 (2017 measurement period)	\$ -
2017 (2016 measurement period)	-
2016 (2015 measurement period)	-
2015 (2014 measurement period)	-

See accompanying notes.

CUMBERLAND COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –TEACHERS' RETIREMENT SYSTEM

Year ended June 30, 2018

Changes of benefit terms – There have been no changes in benefit terms during the period covered by the required supplementary information (June 30, 2017 measurement period).

Changes of assumptions – Since the prior measurement date (June 30, 2016), the demographic and economic assumptions that affect the measurement of total pension liability have been updated. The SEIR rate was increased from 4.20% (2016 measurement date) to 4.49% (2017 measurement date), the inflation rate was lowered from 3.5% (2016 measurement date) to 3.0% (2017 measurement date), the salary increases were lowered from 4.0 – 8.2% (2016 measurement date) to 3.5 – 7.3% (2017 measurement date), the municipal bond index rate was raised from 3.01% (2016 measurement date) to 3.56% (2017 measurement date), and the discount rate was raised from 4.2% (2016 measurement date) to 4.49% (2017 measurement date).

Assets accumulated in trust – There are no assets accumulated in trust that meet the GASB criteria to pay pension benefits.

Periods covered by the required supplementary information – GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* requires the accompanying supplementary information to report on trend information for the previous ten fiscal years if the information is available. The District has only been provided this information for four fiscal years and will expand this supplementary information in future financial statements to cover additional periods as they become available. Since the Commonwealth of Kentucky makes all required pension contributions, the District has not included any District amounts in the required supplementary information.

CUMBERLAND COUNTY SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY – COUNTY EMPLOYEES RETIREMENT SYSTEM Year ended June 30, 2018

District's proportion of the net OPEB liability 2018 (2017 measurement period)	0.04%
District's proportionate share of the net OPEB liability 2018 (2017 measurement period)	\$ 892,893
District's covered-employee payroll 2018 (2017 measurement period)	\$ 1,081,686
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll 2018 (2017 measurement period)	82.55%
Plan fiduciary net position as a percentage of the total OPEB liability 2018 (2017 measurement period)	52.4%

See accompanying notes.

CUMBERLAND COUNTY SCHOOL DISTRICT

**SCHEDULE OF DISTRICT CONTRIBUTIONS –
COUNTY EMPLOYEES RETIREMENT SYSTEM**

Year ended June 30, 2018

Contractually required contribution 2018 (2017 measurement period)	\$ 51,151
Contributions in relation to the contractually required contribution 2018 (2017 measurement period)	\$ 51,151
Contribution deficiency (excess) 2018 (2017 measurement period)	\$ -
District's covered-employee payroll 2018 (2017 measurement period)	\$ 1,081,686
Contributions as a percentage of covered-employee payroll 2018 (2017 measurement period)	4.73%

See accompanying notes.

CUMBERLAND COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – COUNTY EMPLOYEES RETIREMENT SYSTEM Year ended June 30, 2018

Changes of benefit terms – There have been no changes in benefit terms during the period covered by the required supplementary information (June 30, 2017 measurement period).

Changes of assumptions – Since the prior measurement date (June 30, 2016), the demographic and economic assumptions that affect the measurement of the total pension liability have not updated.

Assets accumulated in trust – There are no assets accumulated in trust that meets the GASB criteria to pay pension benefits.

Periods covered by the required supplementary information – GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* requires the accompanying supplementary information to report on trend information for the previous ten fiscal years if the information is available. The District has only been provided this information for one fiscal year and will expand this supplementary information in future financial statements to cover additional periods as they become available.

CUMBERLAND COUNTY SCHOOL DISTRICT

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OTHER
POSTEMPLOYMENT BENEFITS LIABILITY –TEACHERS' RETIREMENT SYSTEM
Year ended June 30, 2018**

District's proportion of the net OPEB liability 2018 (2017 measurement period)	0.11%
District's proportionate share of the net OPEB liability 2018 (2017 measurement period)	\$ 2,259,000
Commonwealth of Kentucky's proportionate share of the net OPEB liability 2018 (2017 measurement period)	<u>1,845,000</u>
Total 2018 (2017 measurement period)	<u>\$ 4,104,000</u>
District's covered payroll 2018 (2017 measurement period)	\$ 3,618,400
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll 2018 (2017 measurement period)	62.43%
Plan fiduciary net position as a percentage of the total pension liability 2018 (2017 measurement period)	81.38%

See accompanying notes.

CUMBERLAND COUNTY SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S CONTRIBUTIONS –TEACHERS' RETIREMENT SYSTEM
Year ended June 30, 2018

Contractually required contribution 2018 (2017 measurement period)	\$ 108,552
Commonwealth of Kentucky's contractually required contribution 2018 (2017 measurement period)	\$ 88,671
Contributions in relation to the statutorily required contribution 2018 (2017 measurement period)	\$ 197,223
Contribution deficiency (excess) 2018 (2017 measurement period)	\$ -
District's covered employee payroll 2018 (2017 measurement period)	\$ 3,618,400
Contributions as a percentage of covered-employee payroll 2018 (2017 measurement period)	5.45%

See accompanying notes.

CUMBERLAND COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –TEACHERS' RETIREMENT SYSTEM

Year ended June 30, 2018

Changes of benefit terms – With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the Commonwealth will only finance, via its KEHP “Shared Responsibility” contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

Changes of assumptions – Since the prior measurement date (June 30, 2016) the demographic and economic assumptions that affect the measurement of total pension liability have not been updated.

Assets accumulated in trust – There are no assets accumulated in trust that meet the GASB criteria to pay pension benefits.

Periods covered by the required supplementary information – GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* requires the accompanying supplementary information to report on trend information for the previous ten fiscal years if the information is available. The District has only been provided this information for one fiscal year and will expand this supplementary information in future financial statements to cover additional periods as they become available.

CUMBERLAND COUNTY SCHOOL DISTRICT

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
ELEMENTARY AND MIDDLE SCHOOL ACTIVITY FUNDS

Year ended June 30, 2018

<u>School</u>	<u>Cash</u> <u>July 1,</u> <u>2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash</u> <u>June 30,</u> <u>2018</u>	<u>Accounts</u> <u>Receivable</u> <u>June 30,</u> <u>2018</u>	<u>Accounts</u> <u>Payable</u> <u>June 30,</u> <u>2018</u>	<u>Due to</u> <u>Student</u> <u>Groups</u> <u>June 30,</u> <u>2018</u>
Cumberland County Middle School	\$ 51,153	\$ 112,905	\$ 106,225	\$ 57,833	\$ -	\$ -	\$ 57,833
Cumberland County Elementary School	39,222	126,789	113,572	52,439	-	-	52,439
Family Resource Saving	12,343	-	12,343	-	-	-	-
Family Resource Center	33,047	-	33,047	-	-	-	-
Totals	\$ 135,765	\$ 239,694	\$ 265,187	\$ 110,272	\$ -	\$ -	\$ 110,272

CUMBERLAND COUNTY SCHOOL DISTRICT

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
CUMBERLAND COUNTY HIGH SCHOOL ACTIVITY FUNDS

Year ended June 30, 2018

Activity Fund	Cash July 1, 2017	Receipts	Disbursements	Cash June 30, 2018	Accounts Receivable June 30, 2018	Accounts Payable June 30, 2018	Due to Student Groups June 30, 2018
General	\$ 2,911	\$ 4,010	\$ 2,624	\$ 4,297	\$ -	\$ -	\$ 4,297
Book	17	-	-	17	-	-	17
Sweep	-	11,759	11,713	46	-	-	46
Library	9	-	-	9	-	-	9
Concessions	7,564	-	655	6,909	-	-	6,909
Flowers	456	903	706	653	-	-	653
Donation Fund	153	1,299	1,296	156	-	-	156
Student Rewards	2,265	-	-	2,265	-	-	2,265
21 st Century	850	40	-	890	-	-	890
Beta	1,882	17,577	19,256	203	-	-	203
FCCLA	973	6,022	4,270	2,725	-	-	2,725
FFA Club	3,130	9,877	11,838	1,169	-	-	1,169
Drama Club	344	-	-	344	-	-	344
STLP	65	131	-	196	-	-	196
FBLA	3,126	-	2,626	500	-	-	500
Academic Team	2,594	1,000	1,687	1,907	-	-	1,907
FCA	27	-	-	27	-	-	27
Vocational Agriculture	17,128	9,603	9,892	16,839	-	-	16,839
Industrial Tech	778	2,828	2,448	1,158	-	-	1,158
Art	58	90	106	42	-	-	42

(continued)

CUMBERLAND COUNTY SCHOOL DISTRICT

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
CUMBERLAND COUNTY HIGH SCHOOL ACTIVITY FUNDS – CONTINUED

Year ended June 30, 2018

Activity Fund	Cash July 1, 2017	Receipts	Disbursements	Cash June 30, 2018	Accounts Receivable June 30, 2018	Accounts Payable June 30, 2018	Due to Student Groups June 30, 2018
English	\$ 1,085	\$ -	\$ 819	\$ 266	\$ -	\$ -	\$ 266
Biology	371	425	672	124	-	-	124
Spanish	1,750	270	436	1,584	-	-	1,584
Special Education	340	-	99	241	-	-	241
Book Club	191	-	-	191	-	-	191
Athletics	23,812	22,754	32,846	13,720	-	-	13,720
Cheerleading	-	5,218	5,180	38	-	-	38
Athletic Booster Club	8,041	26,782	31,889	2,934	-	-	2,934
Booster Special	147	6,220	6,367	-	-	-	-
Seniors 2018	2,417	750	3,167	-	-	-	-
Seniors 2019	-	3,722	999	2,723	25	-	2,748
Yearbook	10,003	3,793	4,744	9,052	-	-	9,052
Guidance	163	550	270	443	-	-	443
Lewis Williams AC	3,435	-	-	3,435	-	-	3,435
Irby Family Scholars	3,005	-	3,000	5	-	-	5
FCS Culinary	-	3,905	3,012	893	-	-	893
FRYSC/Catholic	-	2,197	-	2,197	-	-	2,197
FRYSC/Christmas	-	1,050	-	1,050	-	-	1,050
FRYSC/Miscellaneous	-	581	-	581	-	-	581
3-D Archery Club	-	195	-	195	-	-	195

(continued)

CUMBERLAND COUNTY SCHOOL DISTRICT

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS –
CUMBERLAND COUNTY HIGH SCHOOL ACTIVITY FUNDS – CONTINUED

Year ended June 30, 2018

Activity Fund	Cash July 1, 2017	Receipts	Disbursements	Cash June 30, 2018	Accounts Receivable June 30, 2018	Accounts Payable June 30, 2018	Due to Student Groups June 30, 2018
Totals	\$ 99,090	\$ 143,551	\$ 162,617	\$ 80,024	\$ 25	\$ -	\$ 80,049
Interfund transfers	-	6,067	6,067	-	-	-	-
Totals	\$ 99,090	\$ 137,484	\$ 156,550	\$ 80,024	\$ 25	\$ -	\$ 80,049

CUMBERLAND COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
Cash expenditures			
<u>U.S. Department of Education</u>			
Kentucky Department of Education:			
Title I	84.010	3100002-17	\$ 446,070
		3100002-16	92,980
		3100002-15	<u>1,824</u>
Subtotal			540,874
Migrant Education	84.011	3110002-17	10,000
		3110002-16	<u>1,493</u>
Subtotal			11,493
Special Education	84.027 *1	3810002-17	119,619
		3810002-16	<u>191,156</u>
Subtotal			310,775
Career and Technical Education	84.048	3710002-17	11,849
		3710002-16	<u>2,006</u>
Subtotal			13,855
Special Education Preschool	84.173 *1	3800002-16	6,117
Rural Education	84.358	3140002-17	15,861
Adult Education	84.002	373D	19,200
		365D	<u>5,926</u>
Subtotal			25,126
21 st Century Community Learning Centers	84.287	3400002-16	197,572
		3400002-15	<u>18,723</u>
Subtotal			216,295
GEAR UP	84.334	379D	132,287
		379C	<u>23,506</u>
Subtotal			155,793

(continued)

CUMBERLAND COUNTY SCHOOL DISTRICT**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED****Year ended June 30, 2018**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
Student Support and Academic Enrichment Program	84.424	3420002-17	\$ 12,679
Total U.S. Department of Education			1,308,868
<u>U.S. Department of Agriculture</u>			
Kentucky Department of Education: National School Lunch Program	10.555 *2	7750002-18 7750002-17	320,726 94,818
Subtotal			415,544
National School Breakfast Program	10.553 *2	7760005-18 7760005-17	167,551 46,937
Subtotal			214,488
Summer Food Service Program for Children	10.559 *2	7690024-18 7690024-17 7740023-18 7740023-17	137 1,194 1,324 11,603
Subtotal			14,258
Child and Adult Care Food Program	10.558 *2	7790021-18 7790021-17 7800016-18 7800016-17	28,910 8,655 1,818 532
Subtotal			39,915
Fresh Fruit and Vegetable Program	10.582 *2	7720012-18	22,056
Total U.S. Department of Agriculture			706,261
Total cash expenditures			2,015,129

(continued)

CUMBERLAND COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED

Year ended June 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
Non-cash expenditures			
<u>U.S. Department of Agriculture</u>			
Kentucky Department of Agriculture:			
Food Donation	10.555 *2	Not provided	\$ <u>34,180</u>
Total federal expenditures			<u>\$ 2,049,309</u>
*1 Special Education Cluster		Total	\$ <u>316,892</u>
*2 Child Nutrition Cluster		Total	\$ <u>740,441</u>

See accompanying notes.

CUMBERLAND COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2018

1. Basis of presentation

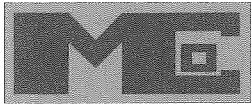
The accompanying schedule of expenditures of federal awards includes the federal award activity of the Cumberland County School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

2. Food donation

Nonmonetary assistance for food donation is reported in the schedule at the fair value of the commodities disbursed. The donations are received from the U.S. Department of Agriculture via the Kentucky Department of Agriculture (KDA). The KDA has not provided a pass-through grant number.

3. Indirect cost rate

The District does not apply the 10% de minimus indirect cost rate.



**M A T H E R
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**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Kentucky State Committee for
School District Audits
Members of the Board of Education
Cumberland County School District
Burkesville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Kentucky Public School Districts' Audit Contract and Requirements – Auditor Responsibilities*, and *State Compliance Requirements, Appendix I to Kentucky Public School Districts' Audit Contract and Requirements – Audit Extension Request*, and *Appendix II to Kentucky Public School Districts' Audit Contract and Requirements – Submission Instructions*, the financial statements of the governmental activities, the business-type activities, and each major fund of the Cumberland County School District (District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 12, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in *Kentucky Public School Districts' Audit Contract and Requirements – State Compliance Requirements*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mather & Co. CPAs, LLC

Mather & Co. CPAs, LLC
Louisville, Kentucky
November 12, 2018



**M A T H E R
& C O M P A N Y**

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Louisville, KY 40222

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

Kentucky State Committee for
School District Audits
Members of the Board of Education
Cumberland County School District
Burkesville, Kentucky

Report on Compliance for Each Major Federal Program

We have audited the Cumberland County School District's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards application to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Kentucky Public School Districts' Audit Contract and Requirements – Auditor Responsibilities*, and *State Compliance Requirements, Appendix I to Kentucky Public School*

Districts' Audit Contract and Requirements – Audit Extension Request, and Appendix II to Kentucky Public School Districts' Audit Contract and Requirements – Submission Instructions. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mather & Co. CPAs, LLC

Mather & Co. CPAs, LLC
Louisville, Kentucky
November 12, 2018

CUMBERLAND COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2018

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weakness identified

____ Yes ☒ No

Significant deficiencies identified that are not considered to be material weaknesses

____ Yes ☒ None reported

Noncompliance material to financial statement notes

____ Yes ☒ No

Federal Awards

Internal control over major programs:

Material weaknesses identified

____ Yes ☒ No

Significant deficiencies identified that are not considered to be material weaknesses

____ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance

____ Yes ☒ No

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

84.010

Title I

Dollar threshold used to distinguish between Type A and Type B program

\$ 750,000

Auditee qualified as low risk

☒ Yes ____ No

(continued)

CUMBERLAND COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

Year ended June 30, 2018

Section II – Financial Statement Findings

No matters to report.

Section III – Federal Award Findings

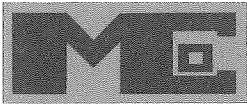
No matters to report.

CUMBERLAND COUNTY SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year ended June 30, 2018

Prior year finding: There were no prior year findings.



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Members of the Board of Education
Cumberland County School District
Burkesville, Kentucky

In planning and performing our audit of the financial statements of the Cumberland County School District (District) as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Kentucky Public School Districts' Audit Contract and Requirements – Auditor Responsibilities*, and *State Compliance Requirements, Appendix I to Kentucky Public School Districts' Audit Contract and Requirements – Audit Extension Request*, and *Appendix II to Kentucky Public School Districts' Audit Contract and Requirements – Submission Instructions*, we considered the District's internal control over financial reporting and compliance to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the District's internal control over financial reporting. In addition, providing an opinion on compliance was not an objective of our audit, and accordingly, we do not express such an opinion.

The memorandum that accompanies this letter summarizes our comments and suggestions regarding any matters noted that are not material weaknesses or significant deficiencies but are opportunities for strengthening internal control. This letter does not affect our report dated November 12, 2018 on the District's financial statements.

Respectfully,

Mather & Co. CPAs, LLC

Mather & Co. CPAs, LLC
Louisville, Kentucky
November 12, 2018

CUMBERLAND COUNTY SCHOOL DISTRICT

**MANAGEMENT LETTER COMMENTS
JUNE 30, 2018**

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Other Issues Relating to Internal Controls and
General Accounting Procedures 82

ELEMENTARY, MIDDLE, AND HIGH SCHOOL ACTIVITY FUNDS

Follow-up on Prior Year Findings

There were no prior year audit findings.

Current Year Findings

There are no current year audit findings.

OTHER ISSUES RELATING TO INTERNAL CONTROL AND GENERAL ACCOUNTING PROCEDURES

Follow-up on Prior Year Finding

There were no prior year findings.

Current Year Findings

There are no current year findings.